

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01735**

**Assessment Roll Number:** 10093159

**Municipal Address:** 6703 68 AVENUE NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**Harold Williams, Presiding Officer**

**James Wall, Board Member**

**Randy Townsend, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the Board's composition. The Board Members indicated no bias with respect to this file.

### **Background**

[2] The subject property, a multi tenant industrial/office complex is located in phase 1 of South Central Business Park in Davies Industrial East neighborhood, southeast quadrant of the City of Edmonton. Total gross building area of the three improvements is 562,601 square feet (145,195, 124,956 and 292,450 square feet). Constructed in 2007 and municipally known as 6703 68th Avenue, the property has a land area of 35.13 acres and a site coverage ratio of 36.4%. The 2013 assessment is \$56,031,500.

### **Issue(s)**

[3] Is the 2013 assessment at \$56,031,500 or \$99.59 per square foot fair and equitable?

## **Legislation**

### **[4] The *Municipal Government Act*, RSA 2000, c M-26, reads:**

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

s 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s 467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

(a) the valuation and other standards set out in the regulations,

(b) the procedures set out in the regulations, and

(c) the assessments of similar property or businesses in the same municipality.

### **[5] The *Matters Relating to Assessment and Taxation Regulation*, Alta Reg 220/2004, reads:**

s 2 An assessment of property based on market value

(a) must be prepared using mass appraisal,

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property.

s 3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

## **Position of the Complainant**

[6] The Complainant provided the Board with a 34 page submission (exhibit C-1) in support of their position.

[7] The Complainant stated that the subject property's 2013 assessment was in excess of its market value based on an analysis of sales of similar industrial properties.

[8] The Complainant confirmed that their method of valuing the subject property was to combine the area of each of the three improvements into one large area. The Complainant confirmed that they disagreed with the City's method of valuing the buildings, on a multi-building site, on an individual basis.

[9] The Complainant's evidence included copies of two previous Edmonton Assessment Review Board (ECARB) decisions on the subject property. These resulted from complaints filed regarding the 2011 and 2012 assessments of the subject property. The decision related to *CVG v*

*The City of Edmonton*, [2011] CARB 10093159 resulted in a decision to reduce the 2011 assessment from \$51,707,000 to \$47,159,000 or \$83.82 per square foot. *CVG v The City of Edmonton*, [2012] ECARB 2207 reduced the 2012 assessment of the subject property from \$53,350,500 to \$50,000,000 or \$88.87 per square foot.

[10] The Complainant provided the Board with seven sales comparables (exhibit C-1, pages 12-24) with a Time Adjusted Sale Price (TASP) range of \$74.95 to \$90.47 per square foot of total gross floor area. 2013 assessments for these properties ranged from a low of \$65.46 per square foot to a high of \$79.36 per square foot. The Complainant's sales/equity comparables were constructed from 1977 to 2007. The subject improvements were constructed in 2007. Site coverage range of the Complainants comparables was 30% to 54%, the subject property site coverage is 36.4%.

[11] The Complainant provided the Board with a commentary on each sale. After an analysis of the sales comparables, the Complainant placed the greatest weight on comparables #1, #3, #5 and #6.

- (a) #1- 2103 64th Avenue-improved with one single story industrial building with a total floor area of 259,981 square feet. Constructed in 2001. Sold May 2009 at a Time Adjusted Sale Price (TASP) of \$74.95 per square foot; site coverage of 41%, 2013 assessment was \$75.50 per square foot.
- (b) #3-12810-170th Street-improved with one single story industrial building with a total floor area of 399,767 square feet. Constructed in 2007. Sold April 2010 at a TASP \$88.28 per square foot; site coverage of 30%, 2013 assessment was not available.
- (c) #5-16304-117th Avenue-improved with two industrial buildings with a combined floor area of 110,952 square feet. Constructed in 1977. Sold April 2011 at a TASP of \$86.08 per square foot; site coverage of 43%, 2013 assessment of \$79.36 per square foot.
- (d) #6-14604/60-134th Avenue-improved with two industrial buildings with a combined floor area of 115,318 square feet. Constructed in 1978. Sold May 2011 at a TASP of \$80.05 per square foot; site coverage of 38%, 2013 assessment not available.

[12] The Complainant noted that their sales/equity comparables #1 and #3 had been given the most weight by the CARB which reduced the 2012 assessment.

[13] The Complainant's evidence included a copy of the Industrial Monthly Time Adjustment Factors used by the City in time adjusting sale prices of the comparables where required.

[14] Based on an analysis and comparison of the comparables, the Complainant requested the Board reduce the 2013 assessment of the subject property to \$47,821,000 or \$85 per square foot.

[15] In answer to questions from the Respondent, the Complainant agreed that:

- (a) The 2012 CARB decision, if time adjusted in accordance with the City's factors, would result in an assessment of \$51,620,000.
- (b) Four of the Complainant's seven comparables were located in the Northwest quadrant of the city whereas the subject is located in the Southeast quadrant.

- (c) Site coverages exhibited by all of the Complainant's comparables, except for #3, were higher than the subject's.
- (d) Complainant's comparable sales #2 and #5 have some areas rented at rates below market.
- (e) No adjustments had been made to Complainant's comparable #7 to reflect roof problems.
- (f) Complainant's sale #3 represented the sale of a property with considerable excess land which was valued separately from the improved portion.
- (g) Six of the complainant's seven comparables represent properties which are substantially older (1977 and 1978 versus 2007) than the subject property.

### **Position of the Respondent**

[16] The Respondent provided the Board with a 53 page submission (exhibit R-1) which contained information on mass appraisal, maps showing groupings of industrial property in three quadrants of the city, policy on Assumed Long-Term Leases and information on Assessment to Sales Ratios (ASR). In addition, the Respondent provided charts of direct sales comparables and equity comparables and a Law and Legislation brief.

[17] The information on mass appraisal included the normal three approaches to value and highlighted Factors Affecting Value. In order of importance they were, area of building (including methodology in assessing multi-building accounts), site coverage, effective age, condition of building, location, main floor finished areas and lastly upper finished areas. The Respondent suggested these were the factors (in this order) which affect the assessed value of the subject complex.

[18] The Respondent suggested to the Board that difficulties were encountered in locating sales of industrial properties in the size range of the subject (562,601 square feet).

[19] The Respondent provided the Board with a chart of three sales comparables (exhibit R-1, page 26). These comparables suggest TASP's of \$156.16, \$140.09 and \$134.14 per square foot of main floor area respectively. The sales comparables ranged in year built from 2001 to 2008 (the subject was constructed in 2007). The comparables sold between November 2009 and July 2011. The comparables were relatively large in size, 291,285, 118,800 and 100,018 square feet respectively.

- (a) Sale #1-8103 Roper Road-improved with 11 industrial buildings with a combined gross area of 291,285 square feet. Constructed in 2001. Sold April 2010 at a TASP of \$156.16 per square foot; site coverage of 34%.
- (b) Sale #2-18507- 104th Avenue-improved with a single story industrial building with a total area of 118,800 square feet. Constructed in 2007. Sold November 2009 at a TASP of \$140.09 per square foot; site coverage of 34%.

(c) Sale #3-12959-156 Street-improved with a single story industrial structure with a gross area of 100,018 square feet. Constructed in 2008. Sold in July 2011 for a TASP of \$134.14 per square foot; site coverage of 42%.

[20] The Respondent stressed to the Board that the TASP's of their sales comparables were all considerably higher than the 2013 assessment of the subject property at \$99.59 per square foot.

[21] The Respondent provided the Board with four equity comparables (exhibit C-1, page 32), three located in the Southeast quadrant of the city the same as the subject and one in Northwest Edmonton. These equity comparables (#2, #3 and #4) were all in average condition, as is the subject and they were constructed in 2009, 2007 and 2011 respectively. Equity comparable #1 was constructed in 1976. Improvement sizes ranged from 325,688 square feet to 618,996 square feet. Site coverages ranged from 32% to 39% and the 2013 assessments ranged from \$101.42 per square foot to \$105.95 per square foot of overall improvement area.

[22] The Respondent stressed that all improvements of the equity comparables were substantial in size (compared to the subject at 562,601 square feet). Site coverages were in the range of the subject property's 36% and supported the subject properties 2013 assessment at \$99.59 per square foot.

[23] The Respondent pointed out to the Board that the Burden of Proof (exhibit R1, pages 46 and 47) lies with the Complainant.

[24] The Respondent requested that the Board confirm the 2013 assessment of the subject property at \$56,031,500.

### **Rebuttal**

[25] The Complainant provided the Board with a Rebuttal document exhibit C-2.

[26] The C-2 document contained information on the 2013 assessments of two of the Respondent's three sales comparables. The Complainant argued that these two sales exhibited TASP's of \$140.09 and \$134.14 per square foot respectively compared to their assessments which were substantially lower at \$110.32 and \$100.72 per square foot respectively. The complainant suggested that an analysis of the Respondents sales #2 and #4 support the Complainant's requested \$85 per square foot for the subject property.

### **Decision**

[24] It is the Board's decision to confirm the 2013 assessment of the subject property at \$56,031,500.

### **Reasons for the Decision**

[25] The Board reviewed all evidence and argument put forward by both parties. The Board was not persuaded by either of the parties sales comparables as representing good indicators of value for the subject property. In considering the Complainant's sales #1-#7 inclusive, the Board finds the overall sizes, ages and site coverage ratios offered by the majority would be difficult to adjust to the subject property.

[26] The Board accepts the argument of the Respondent, which brings the reliability of the Complainant's sales into question. The Board does not place weight on the Complainant's sales #2 and #5 as they represent purchases with an upside due to below market rent levels. The Complainant's sale #3, with substantial excess land involved in the transaction, would be very difficult to adjust to the subject. Sales #4-#7 inclusive are all considerably older than the subject (i.e. 29 and 30 years) which makes them unreliable indicators of value for the subject. Therefore, it is the Board's opinion that only Complainant's sale #1, with a TASP of \$74.95 per square foot, may offer a credible indicator of value for the subject.

[27] Considering the Respondent's sales it is noted that the site coverage ratios are in line with the subject's site coverage of 36.4%. However, sales #2 and #3 are located in the Northwest quadrant of the city, which both parties agree is an inferior location to the subject Southeast location. Therefore, the Board finds that only Respondent's sale #1 with a TASP of \$156.16 per square foot may be a reliable indicator of value for the subject property. Some additional support is offered by Respondent's sales #2 and #3 as their site coverages and particularly their ages are reasonably comparable to the subject. The main adjustments to these sales comparables would be upward to reflect their inferior location and substantially downward for differences in the size of the improvements compared to the subject.

[28] Based on the foregoing the Board has given considerable consideration to each party's sale #1. The Board notes a wide differential between the values indicated by these two sales (\$74.95 and \$156.16 per square foot) and finds it cannot determine the correctness of the 2013 assessment based on the sales comparable information.

[29] Therefore, the Board will rely on data and argument, particularly as presented by the Respondent, which the Board finds supports the fairness and equity of the subject's 2013 assessment.

[30] The Board has thoroughly reviewed and considered the two previous CARB decisions (exhibit C-1, pages 26-34), which reduced the assessments of the subject property in 2011 and 2012. In this regard the Board agrees with both parties that there is no requirement that the Board rely upon any or all CARB decisions by other Boards on previous assessment complaints.

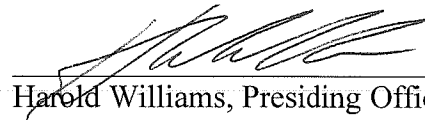
[27] Based on all evidence reviewed and argument put forward by both parties, it is the Board's opinion that the subject property's 2013 assessment at \$56,031,000 is fair and equitable.

### **Dissenting Opinion**

[28] There was no dissenting opinion.

Heard commencing October 23, 2013.

Dated this 7<sup>th</sup> day of November, 2013, at the City of Edmonton, Alberta.

  
Harold Williams, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Marty Carpentier, Assessor  
Tanya Smith, Legal Counsel  
for the Respondent

*This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.*